



PANHANDLE

BENEWAH, BONNER, BOUNDARY, KOOTENAI, & SHOSHONE COUNTIES

EMPLOYMENT TRENDS

On-going job losses in *Wood Products Manufacturing* and weakness in the logging industry, retail stores, trucking, telecommunications, and call centers pushed the Panhandle's seasonally adjusted unemployment rate from 7.6 percent in May to 8.0 percent in June. Many mills in the Panhandle have endured temporary shutdowns or otherwise reduced employment in recent months. Consequently, logging employment has fallen below its normal levels. The three most timber-dependent Panhandle counties—Benewah, Boundary, and Shoshone—suffered from double-digit unemployment rates in June.

Despite the unemployment rate increase, some conflicting signs suggested the economy was slowly improving. The unemployment rate in June 2003 was nine-tenths of a percentage point lower than in June 2002, and the number of employed residents was 1.4 percent higher. The Panhandle's two most populous counties exhibited significant decreases in unemployment. Bonner County's seasonally adjusted unemployment rate fell from 9.0 percent in June 2002 to 7.9 percent in June 2003, while Kootenai County's rate fell from 8.5 percent to 7.4 percent. Since April, most manufacturing operations outside the wood products sector have stopped losing jobs for the first time in three years. Low mortgage rates and continued population growth boosted *Construction* employment in June close to the record highs of the late 1990s. The construction boom fueled 6.0 percent job growth of real estate, title insurance, lending, and other *Financial Activities*. The summer tourism season got off to a terrific start, moving *Leisure & Hospitality* employment 3.1 percent above its year-ago level. For more information, see Panhandle Table 1.

AREA DEVELOPMENTS

Benewah County

- St. Maries celebrated the completion of its \$2.2 million downtown revitalization project on August 2. The celebration

gave St. Maries residents the opportunity to enjoy the repaved streets and new sidewalks, street lights, murals, and signs.

Bonner County

- Schweitzer Mountain Resort near Sandpoint hosted nearly 2,000 racers and 15,000 spectators at a national mountain bike race in late July. It was the first National Off-Road Bicycle Association (NORBA) race to be held in Idaho.

Boundary County

- Louisiana-Pacific (L-P) announced in mid-July that it would permanently close its Bonners Ferry mill September 19. It is paying the 140 affected workers wages for the 60-day period, as required by federal law. About 120 mill workers have been idled since April 25 when low lumber prices forced L-P to shut down the mill for an indefinite period.

Panhandle Table 1: Labor Force & Employment

	June 2003*	May 2003	June 2002	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	93,140	92,550	92,750	0.6	0.4
Unemployed	7,430	6,580	8,240	12.9	-9.8
% of Labor Force Unemployed	8.0	7.6	8.9		
Total Employment	85,710	85,970	84,510	-0.3	1.4
Unadjusted					
Civilian Labor Force	94,190	92,530	93,980	1.8	0.2
Unemployed	6,080	6,440	6,890	-5.6	-11.8
% of Labor Force Unemployed	6.5	7.0	7.3		
Total Employment	88,110	86,090	87,090	2.3	1.2
JOBS BY PLACE OF WORK					
Nonfarm Payroll Jobs** - NAICS	71,360	69,480	70,530	2.7	1.2
Goods-Producing Industries	13,030	12,730	13,320	2.4	-2.2
Natural Resources & Mining	1,490	1,270	1,530	17.3	-2.6
Construction	4,980	4,790	4,790	4.0	4.0
Manufacturing	6,560	6,670	7,000	-1.6	-6.3
Wood Product Manufacturing	2,610	2,740	2,920	-4.7	-10.6
Other Manufacturing	3,950	3,930	4,080	0.5	-3.2
Service-Providing Industries	58,330	56,750	57,210	2.8	2.0
Trade, Transportation, & Utilities	13,250	12,970	13,400	2.2	-1.1
Wholesale Trade	1,400	1,420	1,390	-1.4	0.7
Retail Trade	10,210	10,010	10,400	2.0	-1.8
Utilities	390	390	370	0.0	5.4
Transportation & Warehousing	1,250	1,150	1,240	8.7	0.8
Information	1,280	1,260	1,280	1.6	0.0
Financial Activities	2,980	2,940	2,810	1.4	6.0
Professional & Business Services	7,100	6,860	6,980	3.5	1.7
Educational & Health Services	6,970	6,900	6,670	1.0	4.5
Leisure & Hospitality	9,500	8,540	9,210	11.2	3.1
Other Services	2,390	2,370	2,240	0.8	6.7
Government Education	4,860	5,170	4,800	-6.0	1.3
Government Administration	8,840	8,590	8,650	2.9	2.2
Government Tribes	1,160	1,150	1,170	0.9	-0.9

* Preliminary estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

Boundary County officials are hoping to turn the mill site into an industrial park to eventually offset the economic blow from the mill closure. Since the Bonners Ferry mill shut down, Boundary County's seasonally unemployment rate shot up from 7.1 percent in March to 10.1 percent in June.

- L-P also announced that Riley Creek Lumber, based in Laclede (nine miles east of Priest River), is purchasing the three remaining L-P plants in North Idaho. Together, the mills in Moyie Springs and Chilco (near Athol) and the finishing plant in Sandpoint employ about 370 people. Riley Creek plans to upgrade the mills to make them more efficient and better able to use small-dimension logs.

Kootenai County

- Buck Knives, which had hoped to move its corporate headquarters and factory from the San Diego area to Post Falls in the first quarter of 2004, recently announced the move will be delayed a year. When Buck Knives opens its 110,000-square-foot factory at Riverbend Commerce Park in early 2005, it will bring about 50 employees from its current plant in El Cajon, California, and will hire another 200 people locally. Buck's decision to delay the move was motivated by the difficulties of moving such a large operation so quickly and because it did not want to interrupt production in a year when sales are running high. Buck remains deeply committed to moving to Post Falls. It is looking forward to the lower labor, electrical, and other costs in Idaho, and it recently accepted an offer from a buyer on its El Cajon plant.
- Verizon recently increased the workload of the employees at its order processing center in Hayden, which means that it will not be making layoffs as feared. In May, Verizon offered voluntary severance packages to 60 of its Hayden employees because of a declining workload. About 13 employees accepted the severance packages. Without increased work, Verizon probably would have been forced to lay off workers at the Hayden center, which employs more than 150 people. Verizon's other order-processing center in Coeur d'Alene employs 60 workers.
- Kootenai County's lodging, dining, and retail businesses received a \$5 million boost in the last weekend of July when Coeur d'Alene hosted the USA Ironman Triathlon. Ironman's 1,700 participants swam 2.4 miles in Lake Coeur d'Alene, bicycled 112 miles, and ran 26.2 miles. This was the first of five years that Coeur d'Alene will host the Ironman. The tourism season doesn't normally go into full swing until the Fourth of July, so Ironman participants and spectators lit up "no vacancy" signs two weeks earlier than normal.

Shoshone County

- Tele-Services Innovations (TSI) closed its Smelterville call center at the end of July, putting about 80

people out of work. It also closed its Idaho Falls call center at the same time. During the last year, it closed call centers in Jerome and Burley. The federal Do Not Call legislation, going into effect this fall, transfer of call center jobs abroad, and the stagnation of the economy all led to job losses. In the fall of 2000, TSI announced it would move to Smelterville when the business park's first building was completed. It set up temporary quarters in Kootenai County. In the fall of 2001, TSI moved into the new building in Smelterville.

- Coeur Silver Valley Resources temporarily shut down its Galena Mine near Wallace on July 7 because of a malfunction of the main electrical component that powers the hoist that carries ore out of one of the world's deepest mines. It could take as long as two months to get the hoist running again. The Galena was well on track to produce 6 million ounces of silver this year. Last year, it produced a record 5.3 million ounces. About 200 miners are idled as a result of the hoist malfunction. The Galena shares the honor of being Shoshone County's largest private employer with Dave Smith Motors in Kellogg. Since the Sunshine Mine closed and Lucky Friday Mine laid off two-thirds of its workforce in 2001, the Galena has been the only major mine operating near capacity in the Silver Valley.
- Sterling Mining, a 100-year-old company based in Coeur d'Alene, acquired a 15-year lease on the Sunshine Mine near Kellogg in June. It is exploring the possibility of reopening the mine that employed 260 people before it closed in February 2001. American Reclamation Inc., a Nevada firm that buys inactive mines then determines whether to reopen them or sell their equipment, purchased the mine in February from bankrupt Sunshine Mining. Then, it decided to lease the mine to Sterling. The Sunshine was North America's richest silver mine, producing over 350 million ounces of silver from 1884 until 2001. It extends over 100 miles of tunnels. The Sunshine's lower depths now are flooded; when the mine closed, the enormous pumps that kept water out of the mine were turned off because running them is so expensive. The flooding will make it extremely expensive to bring the mine back to full production. At this time, Sterling is evaluating the feasibility of returning the Sunshine to limited production. In July, Sterling hired a few people to conduct the feasibility study and to maintain the mine property.

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